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HIGHLIGHTS OF CCC'S OPERATIONS

The Commodity Credit Corporation (CCC), an agency of the U. S. Department of Agriculture, approves and finances specific price support and related activities within the overall authority of controlling legislation.

CCC is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and serves as chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States.

The Corporation has no operating personnel, its programs being carried out primarily through the personnel and facilities of the Agricultural Stabilization and Conservation Service of the Department.

The Commodity Credit Corporation was originally established in 1933, under the laws of the State of Delaware. During the early years, CCC was managed and operated in close affiliation with the Reconstruction Finance Corporation, but on July 1, 1939, it was transferred to and made a part of the Department of Agriculture.

In the summer of 1948, the Commodity Credit Corporation Charter Act dissolved CCC's Delaware charter and provided a permanent Federal charter. In June of 1949, the Federal charter was amended in several important respects, and there have been subsequent amendments.

The Charter Act, as amended, gives CCC broad powers. It is empowered to support prices of agricultural commodities through loans, purchases, payments, and other operations. Among other things, it can dispose of surplus commodities, acquired under price support activities, through sales (for dollars or foreign

currencies); transfers to other Government agencies; barter; and donations. It can buy materials and facilities -- such as grain bins or grain driers -- as needed for production or marketing.

CCC's financial resources have been kept abreast of its responsibilities. The original capital of the Corporation in 1933 was only \$3,000,000, and there was no specific borrowing authority. Today, the capitalization is \$100,000,000 and the Corporation has, in addition, authority to borrow up to \$14,500,000,000.

The Corporation's charter requires it to make as full use of private trade facilities as practicable in the conduct of its affairs. Accordingly, the agency utilizes the services of banks, warehousemen, domestic and ocean carriers, processors, handlers, cooperative associations, and exporters in carrying out its programs. CCC adapts its operations wherever feasible to established trade customs and practices. It carries on its day-to-day dealings with trade elements much as would a commercial corporation conducting a commercial-type business.

CCC carries on several activities, including the price-support, commodity stabilization, storage-facilities, supply and foreign purchase, commodity export, and surplus sales and distribution programs. In terms of impact on the national economy, the most important of these are the price-support and commodity stabilization programs. CCC also handles certain financing and operating functions in connection with the International Wheat Agreement and export sales for foreign currencies.

Price support was mandatory in 1964 for corn, oats, rye, barley, grain sorghum, wheat, cotton, rice, most types of tobacco, peanuts, milk, butterfat, wool, mohair, tung nuts, and honey. Also supported under permissive provisions of the price law were flaxseed, soybeans, cottonseed, dry edible beans, and crude pine gum.

CCC acquires large volumes of surplus commodities in carrying out its price support commitments -- some through direct purchases, and more through taking over commodities which have been deposited by farmers as collateral for non-recourse loans.

As of June 30, 1964, CCC's investment in price-support loans and commodity inventories totaled \$7,097,927,000. Loans outstanding approximated \$2,759,652,000, the major items under loan being corn, cotton, and tobacco. Inventories held by CCC had an acquisition cost value of \$4,338,275,000, a large part of which was represented by wheat, corn, grain sorghum, and cotton.

Commodities acquired under the price-support program are moved into consumption in various ways. Some are sold -- both in domestic and foreign trade channels. Some are transferred to other Government agencies for such uses as food for the armed forces and for veterans hospitals, and foreign relief programs. Some are bartered for strategic and critical materials produced abroad. Substantial quantities of perishable commodities have been donated to school lunch programs and, through approved welfare organizations, to needy people in the United States and foreign countries. Commodities disposed of from July 1, 1952, through June 30, 1964, had a cost value of \$30,252,500,000. (Revised basis).

Under export operations, CCC makes export payments on commodities exported from commercial stocks, including commodities acquired from the CCC inventory at domestic prices, and sells commodities at reduced prices for export. The International Wheat Agreement Act vests implementation of United States membership in the Agreement in the Commodity Credit Corporation. Export payments and reduced price export sales bridge the gap between U. S. and world prices for many commodities and help maintain the U. S. share of foreign markets for agricultural commodities. Export payments on feed grains, flaxseed and linseed oil, rice, nonfat dry milk, butter, milkfat products, and wheat are made by issuance of export payment certificates which may be used to pay for commodities obtained from the CCC inventory. This is identified as payment-in-kind export program. In addition, export payments on wheat flour are made in cash. In fiscal year 1964, export payments totaled \$583.2 million, including exports under the CCC commodity export program, Titles I and IV of P.L. 480, and the International Wheat Agreement. (While the feed grain export program is currently in effect, no payments have been required on these exports since late 1961 because U. S. prices have been at world levels.)

CCC's inventory stocks make necessary extensive storage operations. In general, three kinds of storage are used. First, the Corporation makes maximum use of regular commercial facilities in handling the storage of its commodities. It also helps farmers expand their own on-farm space through special facility loans, which run for five years at four percent interest. Finally, CCC provides its own supplemental facilities to store inventory holdings, chiefly corn, wheat, and other grains, when commercial space is not adequate.

As of June 30, 1964, CCC owned special storage bins with a total capacity of about 940 million bushels acquired prior to 1957. These bins are located on bin-sites throughout the major grain producing areas and are used primarily to store corn. During recent years, approximately 798 million bushels of additional on-farm space has been acquired by producers with the aid of CCC farm storage loans.

Beginning with 1961 crops, the CCC was authorized to make diversion payments to farmers who agreed to help stabilize production by reducing their acreage of feed grains. The Congress subsequently provided authority for a similar program for 1962 and 1963 crops of corn, grain sorghum, and barley. Legislation approved in May of 1963 authorizes a feed grain program for these crops in 1964 and 1965.

A diversion program was also in effect for 1962 and 1963 crops of wheat. For 1964 and 1965 crops of wheat, a voluntary program was authorized, providing for diversion payments, price-support loans, and marketing certificates.

Under cotton legislation enacted in April 1964, equalization payments are provided to make domestic cotton available to domestic mills at no higher costs than those at which foreign mills acquire U.S. cotton. The equalization payments apply to cotton consumed domestically and to cotton exported. The same legislation provides that cotton growers may have a choice between two farm cotton allotments. A grower may stay within his larger allotment and be eligible for a price support loan, or he may stay within his smaller allotment and be eligible for the loan and an additional price-support payment on about two-thirds of his cotton.

Price support and diversion payments under the feed grain program and price-support and equalization payments under the cotton program are either in-kind from CCC's stocks or in cash. For cash payments, CCC markets an amount of feed grain and cotton from its inventory equal to the payments made under the feed grain and cotton programs. Under the wheat program, producers may receive the cash value of their domestic and export marketing certificates from CCC which, in turn, sells the certificates to domestic processors and exporters who need them to cover their wheat processing and exports.

The payment provision of the programs helps farmers maintain income from crops for which large cuts in production are needed because of sizeable carryover stocks already in storage. Substantial reductions in grain carryovers have been achieved through the program.

A number of other special assignments have been handled by CCC during the years since its establishment. These have included purchases for Lend-Lease and armed services supply during World War II. Another type of special service involved the payment of more than two billion dollars in subsidies during the war years to assure producers fair returns while holding price ceilings established by the Office of Price Administration.